

Before the State of South Carolina
Department of Insurance

In the Matter of:)	
)	Consent Order
Independent Fire Insurance Company,)	Imposing Administrative Penalty
n/k/a State National Specialty Insurance)	
Company,)	File Number 1999284-004-051
)	
One Independent Drive)	
Jacksonville, Florida 32276.)	
_____)	

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance and Independent Fire Insurance Company, an insurer licensed to transact business in the State of South Carolina.

Independent Fire acknowledges that it failed to timely provide requested information to the Department's Office of Insurer Licensing and Solvency Services. This is a direct violation of S.C. Code Ann. § 38-13-160 (Supp. 1998) that can ultimately lead to the revocation or suspension of an insurer's certificate of authority to transact the business of insurance in South Carolina.

Independent Fire maintains that its action is the result of an oversight due to acquisition and transfer of files and requirements and is in no way an intentional violation of South Carolina law. On January 15, 1999, when the Department first notified Independent Fire that the insurer must file an "Annual Report of Market Value of Securities" (the Report) by August 1, 1999, the insurer was owned by AGC Life Insurance Company and American General Life and Accident Insurance Company. Independent Fire's principal offices were in Nashville, Tennessee. Subsequently, though, State National Holdings, Inc. acquired Independent Fire and moved its principal offices to Fort Worth, Texas. When the Department did not receive Independent Fire's Report by August 1, the Department mailed a second request, instructing Independent Fire to file the Report by August 20. Independent Fire's new management maintains that it did not receive any notice of this matter until the Department mailed its second request. The insurer submitted the report via facsimile on August 19.

Prior to the initiation of any administrative proceedings by the Department against Independent Fire, the parties agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision, rather than to proceed toward a formal public hearing. The consensual recommendation was that, in lieu of the Department seeking to revoke

Independent Fire's certificate of authority, it would waive its right to a public hearing and immediately pay an administrative fine in the total amount of \$500.

Section 38-13-160 of the South Carolina Code states that, "The director or his designee may require any authorized insurer or its officers to answer any inquiry in relation to its transactions, condition, or any connected matter necessary to the administration of the insurance laws of the State. Every corporation or person must reply in writing to the inquiry promptly and truthfully, and every reply must be verified, if required by the director or his designee, by the individual or by the officer or officers of a corporation as he designates." Section 38-5-120 states, in pertinent part, that the Director of Insurance "shall revoke or suspend certificates of authority granted to an insurer...if he is of the opinion upon examination or other evidence that...(t)he insurer has not complied with the law or with the provisions of its charter." Alternatively, § 38-5-130 provides that in lieu of license revocation or suspension, the Director may impose a monetary penalty as provided in § 38-2-10.

After a thorough review of the record, carefully considering the recommendation of the parties, and pursuant to my findings of fact, I hereby conclude as a matter of law, that Independent Fire has violated S.C. Code Ann. § 38-13-160 (Supp. 1998). Although I can now revoke the insurer's certificate of authority, I hereby invoke the discretionary authority given to me and impose against Independent Fire an administrative fine in the total amount of \$500. That fine must be paid within ten days of the date of my signature upon this Consent Order. If that total fine amount is not timely paid, the insurer's certificate of authority will be revoked without any further disciplinary proceedings.

This fine has been reached by the parties as a result of negotiation and compromise, and in consideration of Independent Fire's assurance that it will timely respond to this Department's future requests for information. By the signature of one of its officers or authorized representative upon this consent order, Independent Fire acknowledges this administrative order as a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 1998).

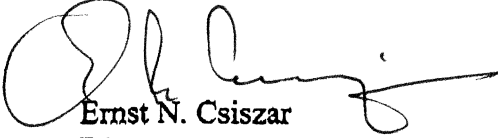
Nothing contained within this administrative order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement officer or judicial officer. Nothing contained within this administrative order should be construed to limit the statutory duty, of the Director of Insurance, exercised either directly or through the Department of Insurance, to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report." See S.C. Code Ann. § 38-3-110 (Supp. 1998).

It is, therefore, ordered that Independent Fire Insurance Company shall, within ten days of the date of my signature on this consent order, pay through the South Carolina Department of Insurance an administrative fine in the total amount of \$500.

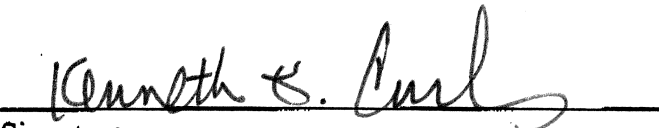
It is further ordered that a copy of this consent order be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

This consent order becomes effective as of the date of my signature below.

February 24, 2000
Columbia, South Carolina


Ernst N. Csiszar
Director

I CONSENT:


Signature

Kenneth E. Curtiss

Printed Name

General Counsel

Title

Independent Fire Insurance Company
n/k/a State National Specialty Insurance Company
One Independent Drive
Jacksonville, Florida 32276

Dated this 16th day of February 2000.